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FM AMEMBASSY THE HAGUE
TO RUEHC/SECSTATE WASHDC PRIORITY 6621
INFO RUCPDO/USDOC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEHFT/AMCONSUL FRANKFURT 3463
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAT/AMCONSUL AMSTERDAM 1270

UNCLAS THE HAGUE 001864

SIPDIS

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SENSITIVE

STATE FOR EUR/UBI ERIC FALLS, RICHARD REITER
USDOC FOR 4212/USFCS/MAC/EURA/OWE/DCALVERT
TREASURY FOR IMI/OASIA/VIMAL ATUKORALA
PARIS ALSO FOR OECD
STATE PLEASE PASS FEDERAL RESERVE
USEU FOR RICHARD GAFFIN, JENNIFER UNDERWOOD

E.O. 12356: N/A

TAGS: [EFIN](#) [ECON](#) [EINV](#) [ELAB](#) [NL](#)

SUBJECT: NYSE/EURONEXT MERGER: DUTCH SAY SHAREHOLDERS CAN
DECIDE AFTER REGULATORY CONCERNS ARE ADDRESSED

REF: A) THE HAGUE 1391 B) BRUSSELS 2856 C) THE HAGUE 1726

THIS CABLE CONTAINS PROPRIETARY INFORMATION. IT IS SENSITIVE
BUT UNCLASSIFIED. PLEASE HANDLE ACCORDINGLY.

¶1. (SBU) SUMMARY The Dutch Finance Ministry has publicly confirmed its position that shareholders should decide on the proposed NYSE/Euronext merger, once regulatory concerns have been addressed. The Ministry is awaiting findings from a taskforce of regulators and may seek further high-level U.S. consultations following last week's meeting with U.S. Senator Shelby. END SUMMARY

¶2. (SBU) In a letter sent to the Dutch Parliament on August 21, Finance Minister Zalm said shareholders should decide whether to proceed with the proposed NYSE/Euronext merger. Zalm also noted that he will use his authority to block the merger if existing or future U.S. regulations are found to apply to European exchanges under such an arrangement (ref A). A European taskforce of regulators headed by the Dutch Financial Markets Authority is investigating if that is the case. The taskforce is expected to present its report in September.

¶3. (SBU) Zalm's Deputy Treasurer General Bernard ter Haar expressed a similar view in an August 18 meeting with U.S. Senator Richard Shelby in Brussels. Ter Haar mentioned Sarbanes-Oxley and the Patriot Act as specific U.S. legislation that might affect Euronext. The Senator and his staffers explained that neither act applies to European exchanges (ref B) and indicated that Senator Sarbanes might be willing to articulate that publicly. In a separate conversation with Emboff, ter Haar described the meeting as "useful" and said the next step should be a "public statement" on the matter from the U.S. side.

¶4. (SBU) Despite concerns voiced by MOF staff in previous meetings (ref A and C), ter Haar did not ask Senator Shelby about the possibility of U.S. companies using the NYSE/Euronext merger as a means to avoid U.S. regulation. In a follow-up call by Emboff, MOF staff indicated that this matter is still of concern. While it is unclear at this point how the Dutch intend to pursue their concerns over future legislation, the issue could be raised in the meeting the MOF is seeking between Finance Minister Zalm and

Treasury Secretary Henry Paulson on the margins of the September IMF Annual Meeting in Singapore.

BLAKEMAN